

7401-1

AGREEMENT AND ASSIGNMENT

Dated as of January 15, 1974

RECORDATION NO. _____ Filed & Recorded

MAR 5 1974 -2 00 PM

INTERSTATE COMMERCE COMMISSION

Among

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

Manufacturer

and

THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY

As Agent and Assignee

(Clinchfield Trust No. 74-1)

TABLE OF CONTENTS

	Page
Parties	1
Section 1. Assignment by Manufacturer	1
Section 2. Covenants and Agreements of Manufacturer	3
Section 3. Equipment Markings	5
Section 4. Recordation	5
Section 5. Conditions Precedent to Payment by Assignee	5
Section 6. Further Assignments	9
Section 7. Representation of Manufacturer; Further Assurances	9
Section 8. Governing Law	10
Section 9. Execution in Counterparts	10
Signatures	11
Acknowledgments	11
Acknowledgments	12
Acknowledgments	13
Acknowledgments	14

AGREEMENT AND ASSIGNMENT dated as of January 15, 1974, among GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), a Delaware corporation, (the "Manufacturer") and THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, acting as Agent and Assignee under Finance Agreement dated as of January 15, 1974 (the "Finance Agreement"), said Bank also acting being hereinafter called the "Assignee".

WHEREAS, the Manufacturer, EXCHANGE NATIONAL BANK OF CHICAGO as Trustee under a Trust Agreement (the "Trust Agreement") with WESTHOUSE CREDIT Corporation, a Delaware corporation (the "Trustor") dated as of January 15, 1974 relating to Clinchfield Trust No. 74-1 (the "Vendee") and SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation ("Seaboard") and LOUISVILLE & NASHVILLE RAILROAD COMPANY, a Kentucky corporation ("Louisville & Nashville"), jointly and severally (said Seaboard and Louisville being hereinafter sometimes collectively referred to as the "Guarantors," which Guarantors jointly and severally lease and operate, through the separate organization known as "Clinchfield Railroad Company," and as a separately owned property, the line of railroad leased from Carolina, Clinchfield and Ohio Railway and Carolina, Clinchfield and Ohio Railway of South Carolina), have entered into a Conditional Sale Agreement dated as of January 15, 1974 (the "Conditional Sale Agreement"), covering the construction, sale and delivery on the conditions therein set forth, by the Manufacturer and purchase by the Vendee of the railroad equipment described in Schedule A to the Conditional Sale Agreement (collectively the "Equipment" and individually "Item of Equipment") and including the unconditional joint and several guaranty by the Guarantors of all obligations of the Vendor under the Conditional Sale Agreement.

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (the "Assignment"),

W I T N E S S E T H:

That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Assignee to the Manufacturer, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

Section 1. Assignment by Manufacturer. The Manufacturer hereby assigns, transfers and sets over unto the Assignee, its successors and assigns:

(a) All the right, security title and interest of the Manufacturer in and to each Item of Equipment when and as severally delivered and accepted and upon payment by the Assignee to the Manufacturer of the amount required to be paid under Section 5 hereof and payment by the Vendee of the amount required to be paid under Section 3.3(a) of the Conditional Sale Agreement with respect to such Item of Equipment;

(b) All the right, title and interest of the Manufacturer in and to the Conditional Sale Agreement (except the right to construct and deliver the various Items of Equipment and the right to receive the payments specified in subparagraph (a) of Section 3.3 thereof and in Section 13.7 thereof and reimbursement for taxes paid or incurred by the Manufacturer and the right to indemnity from the Guarantors for claims arising against General Motors Corporation (Electro-Motive Division) as provided in Section 11.1 and 12 thereof), and in and to any and all amounts which may be or become due or owing to the Manufacturer under the Conditional Sale Agreement on account of the indebtedness in respect of the Purchase Price (as defined in the Conditional Sale Agreement) of the Equipment and interest thereon, and in and to any other sums becoming due from the Vendee or the Guarantors under the Conditional Sale Agreement, other than those hereinabove excluded; and

(c) Except as limited above in subparagraph (b) hereof, all of the Manufacturer's rights, powers, privileges and remedies under the Conditional Sale Agreement;

without any recourse, however, against the Manufacturer for or on account of the failure of the Vendee or the Guarantor to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the Conditional Sale Agreement; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify the obligations of the Manufacturer to deliver the various Items of Equipment to be built by it in accordance with the Conditional Sale Agreement or with respect to its warranties and agreements contained in Section 11.3, 12 and 13.5 (with respect to marking) of the Conditional Sale Agreement or relieve the Vendee or the Guarantors from their respective obligations to the Manufacturer under Sections 2, 3.3(a), 7, 11, 12 and 13 of the Conditional Sale Agreement, or from their respective obligations to the Manufacturer under the Acquisition Agreement referred to in the Conditional Sale Agreement, it being understood and agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Section 13 of the Conditional Sale Agreement, all obligations of the Manufacturer to the Vendee shall be and remain enforceable by the Vendee, its successors and assigns, against and only against the Manufacturer. In furtherance of the foregoing assignment and transfer, the Manufacturer hereby authorizes and empowers the Assignee in the Assignee's own name, or in the name of the Assignee's nominee, or in the name of and

as attorney, hereby irrevocably constituted, for the Manufacturer to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and compliance by the Vendee and the Guarantors with the terms and agreements on their parts to be performed under the Conditional Sale Agreement, but at the expense and liability and for the sole benefit of the Assignee.

Section 2. Covenants and Agreements of Manufacturer.

The Manufacturer covenants and agrees that it will construct and deliver the various Items of Equipment to be built by it to the Vendee, in accordance with the provisions of the Conditional Sale Agreement, and that, notwithstanding this Assignment, it will perform and fully comply with each and all of the covenants and conditions of the Conditional Sale Agreement set forth to be performed and complied with by the Manufacturer. The Manufacturer further covenants and agrees that it will warrant to the Assignee and the Vendee that at the time of delivery of each Item of Equipment to be built by it to the Vendee under the Conditional Sale Agreement it had legal title to such Item and good and lawful right to sell such Item and the title to such Item was free of all claims, liens and encumbrances of any nature except only the rights of the Vendee under the Conditional Sale Agreement and the rights of the Guarantors under the Lease (as defined in the Conditional Sale Agreement); and the Manufacturer further covenants and agrees that it will defend the title to such Item built by it against the demands of all persons whomsoever based on claims originating prior to said delivery of such Item by the Manufacturer to the Vendee; all subject, however, to the provisions of the Conditional Sale Agreement and the rights of the Vendee thereunder and the Guarantors under the Lease.

The Manufacturer covenants and agrees with the Assignee that in any suit, proceeding or action brought by the Assignee under the Conditional Sale Agreement for any installment of, or interest on, indebtedness in respect of the Purchase Price of the Equipment or to enforce any provision of the Conditional Sale Agreement, the Manufacturer will indemnify, protect and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim or recoupment whatsoever of the Vendee arising out of a breach by the Manufacturer of any obligation with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or under Sections 11 and 12 of the Conditional Sale Agreement, or by reason of any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability

at any time owing to the Vendee or the Guarantors by the Manufacturer. The Manufacturer's obligation so to indemnify, protect and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Section 13.4 of the Conditional Sale Agreement, to strike any defense, set-off, counterclaim or recoupment asserted by the Vendee or the Guarantors in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, set-off, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Assignee's prompt notification to the Manufacturer of the asserted defense, set-off, counterclaim or recoupment and the Assignee's giving the Manufacturer the right, at the Manufacturer's expense, to compromise, settle or defend against such defense, set-off, counterclaim or recoupment. Any and all such obligations shall be and remain enforceable by the Vendee or the Guarantors against and only against the Manufacturer and shall not be enforceable against the Assignee or any party or parties in whom security title to the Equipment or any unit thereof or any of the rights of the Manufacturer under the Conditional Sale Agreement shall vest by reason of this Assignment or of successive assignments. The Assignee will give notice to the Manufacturer of any suit, proceeding or action by the Assignee herein described.

Except in cases of designs, systems, processes, formulas or combinations specified by the Vendee or the Guarantors and not developed or purported to be developed by the Manufacturer, and articles and materials specified by the Vendee and the Guarantors and not manufactured by the Manufacturer, the Manufacturer agrees to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, demands, costs, charges and expenses, including reasonable royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of the Equipment, or any Item thereof, of any design, system, process, formula, combination article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give notice to the Manufacturer of any claim actually known to the Assignee which is based upon any such alleged infringement and will give the Manufacturer the right, at the Manufacturer's expense, to compromise, settle or defend against such claim.

The Manufacturer agrees that any amount payable to it by the Vendee or the Guarantors, whether pursuant to the Conditional Sale Agreement or otherwise, not hereby assigned to the Assignee, shall not be secured by any lien or charge on any Items of Equipment.

Section 3. Equipment Markings. The Manufacturer will cause to be plainly, distinctly, permanently and conspicuously marked by a plate or stencil in contrasting color on each side of each Item of Equipment, at the time of delivery thereof to the Vendee, in letters not less than one inch in height, the following legend:

"Leased from Exchange National Bank of Chicago, as Lessor and Trustee - Vendee, and subject to a Security Interest recorded with the I.C.C.".

Section 4. Recordation. Upon request of the Assignee, its successors and assigns, the Manufacturer will execute and deliver all instruments which may be necessary or proper in order to discharge of record the Conditional Sale Agreement or any other instrument evidencing any interest of the Manufacturer therein or in the Equipment.

Section 5. Conditions Precedent to Payment by Assignee. The Assignee, on or before noon on the Closing Date fixed as provided in Section 3.5 of the Conditional Sale Agreement, shall pay to the Manufacturer at the office of the Assignee at 15th and Chestnut Streets, Philadelphia, Pennsylvania 19101, Attention: Corporate Trust Department, an amount equal to that portion of the Purchase Price (as defined in Section 3.1 of said Agreement) of such Item of Equipment not required to be paid pursuant to subparagraph (a) of Section 3.3 of said Agreement, provided that there shall have been delivered to the Assignee the following documents, in such number of counterparts or copies as may be reasonably requested, in form and substance satisfactory to special counsel for the Assignee and the Investors hereinafter mentioned:

(a) Bill or Bills of Sale from the Manufacturer to the Assignee, transferring to the Assignee security title to the Items of Equipment and warranting to the Assignee and to the Vendee that at the time of delivery to the Vendee under the Conditional Sale Agreement the Manufacturer had legal title to such Items and good and lawful right to sell such Items, and title to such Items was free of all claims, liens and encumbrances of any nature except only the rights of the Vendee under the Conditional Sale Agreement and the rights of the Guarantors under the Lease;

(b) Certificate or Certificates of Acceptance signed by an inspector or other authorized representative of the Guarantors stating that the Items of Equipment

have been inspected and accepted by him on behalf of the Guarantors and further stating that there was plainly, distinctly, permanently and conspicuously marked by a plate or stencil in contrasting color on each side of each of such Items at the time of its acceptance, in letters not less than one inch in height, the following legend:

"Leased from Exchange National Bank of Chicago, as Lessor and Trustee - Vendee, and subject to a Security Interest recorded with the I.C.C.";

(c) Invoices for the Items of Equipment accompanied by or having endorsed thereon a certification by the Guarantors as to the correctness of the prices of such Items as set forth in said invoices;

(d) Opinion of Messrs. Chapman and Cutler, who are acting as special counsel for the Assignee and for the Investors (the "Investors") named in the Finance Agreement, dated as of the Closing Date and stating that (i) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof, (ii) the trust created and provided for by the Trust Agreement is not taxable as an association under existing statutes, regulations and decisions relating to Federal Income Taxes, (iii) the Acquisition Agreement dated as of January 15, 1974 entered into by the Guarantors and the Vendee with the Manufacturer, the Conditional Sale Agreement and the Lease have been duly authorized, executed and delivered by the respective parties thereto and are valid and binding instruments enforceable in accordance with their respective terms, (iv) this Assignment and, assuming the due authorization execution and delivery by the Investors, the Finance Agreement have been duly authorized, executed and delivered by the respective parties hereto and are valid and binding instrument enforceable in accordance with their respective terms, (v) the Assignee is vested with all the rights, titles, interests, powers, privileges and remedies purported to be assigned to it by this Assignment, (vi) security title to the Items of Equipment is validly vested in the Assignee and such Items, at the time of delivery thereof to

the Vendee under the Conditional Sale Agreement, were free of all claims, liens and encumbrances except only the rights of the Vendee under the Conditional Sale Agreement and the rights of the Guarantors under the Lease, (vii) no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of the Conditional Sale Agreement or this Assignment or the Lease, (viii) the Conditional Sale Agreement, this Assignment and the Lease have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Assignee in any State of the United States of America, and (ix) the offering, sale and delivery of the Conditional Sale Agreement and the conditional sale indebtedness payable thereunder under the circumstances contemplated by the Finance Agreement constitute an exempted transaction under the Securities Act of 1933, as amended, which does not require registration thereunder of the Conditional Sale Agreement, the conditional sale indebtedness or the Certificates of Interest issued pursuant to the Finance Agreement, and under the Trust Indenture Act of 1939 which does not require qualification of an indenture thereunder, and if any Investor should in the future deem it expedient to sell its interests in the conditional sale indebtedness (which none of the Investors now contemplate or foresee) such sale would be an exempted transaction under the Securities Act of 1933, as amended, providing that the circumstances involved in any such transaction do not constitute such Investor an "underwriter" of the conditional sale indebtedness within the meaning of said Act, and the transaction is not made through an "underwriter" within the meaning of said Act;

(e) Opinion of counsel for each Guarantor addressed to the Vendee, the Trustor, the Assignee, the Investors and Messrs. Chapman and Cutler, dated as of the Closing Date, to the effect set forth in clauses (vi), (vii) and (viii) of subparagraph (d) above, and stating that (i) such Guarantor is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation, and has the power and authority to own its properties and to carry on its business as now conducted, (ii) said Acquisition Agreement, the Conditional Sale Agreement, including the guaranty obligations of such Guarantor therein provided for, the Lease and the Finance Agreement have each been duly authorized, executed and delivered on behalf of such Guarantor and are valid and binding instruments enforceable against such Guarantor, in accordance with their respective terms;

(f) Opinion of counsel for the Manufacturer, addressed to the Vendee, the Trustor, the Assignee, the Investors and Messrs. Chapman and Cutler, dated as of the Closing Date, to the effect set forth in clauses (v) and (vi) of subparagraph (d) above and stating that (i) the Manufacturer is a duly organized and existing corporation in good standing under the laws of the state of its incorporation and has the power and authority to own its properties and to carry on its business as now conducted, and (ii) the Conditional Sale Agreement, this Assignment and said Acquisition Agreement with the Manufacturer have each been duly authorized, executed and delivered by the Manufacturer and, assuming the execution and delivery thereof by each other party thereto, are valid instruments binding upon the Manufacturer and enforceable against the Manufacturer in accordance with their terms;

(g) Opinion of counsel for the Vendee addressed to the Vendee, Trustor, the Assignee, the Investors, and Messrs. Chapman and Cutler, to the effect that (i) the Vendee is a national banking association, duly organized and legally existing in good standing under the laws of the United States of America, (ii) the Trust Agreement has been duly authorized, executed and delivered by the Vendee and constitutes a valid, binding and effective agreement and declaration of trust by the Vendee in accordance with the terms thereof, (iii) the Vendee has full right, power and authority under the Trust Agreement to enter into, execute and deliver said Acquisition Agreement, the Conditional Sale Agreement and the Lease, to perform each and all of the matters and things provided for in said instruments and (iv) said Acquisition Agreement, the Conditional Sale Agreement and the Lease have been duly executed and delivered by the Vendee and constitute the legal, valid and binding obligations, contracts and agreements of the Vendee in accordance with their respective terms; and

(h) Certificate of a Vice President of each Guarantor to the effect that no Event of Default as specified in the Lease or the Conditional Sale Agreement or any event which with the lapse of time and/or notice provided for in the Lease or the Conditional Sale Agreement would constitute such an Event of Default, has occurred and is continuing.

(i) Unless payment of the amount payable pursuant to subparagraph (a) of Section 3.3 of the Conditional Sale Agreement shall be made by the Assignee with funds furnished to it for that purpose by the Vendee, the receipt from the Manufacturer for such payment.

In giving the opinions specified in the preceding subparagraphs (d) (e), (f) and (g), counsel may qualify any opinion to the effect that any agreement is a valid and binding instrument enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization moratorium or other laws affecting the enforcement of creditors' rights generally. In giving the opinions specified in the preceding subparagraphs (d) and (e), counsel may in fact rely as to the title to the Items of Equipment upon the opinion of counsel for the Manufacturer of such Items.

The obligation of the Assignee hereunder to make payment for the Equipment is hereby expressly conditioned upon the prior receipt by the Assignee, pursuant to the Finance Agreement, of all the funds to be furnished to the Assignee by the various parties to the Finance Agreement with respect thereto.

The Assignee shall not be obligated to make any of the above mentioned payments at any time while an event of default, or any event which with the lapse of time and/or demand provided for in the Conditional Sale Agreement would constitute an event of default, shall be subsisting under the Conditional Sale Agreement. In the event that the Assignee shall not make any such payment, the Assignee shall reassign to the Manufacturer, without recourse to the Assignee, all right, security title and interest of the Assignee in and to the Items of Equipment with respect to which payment has not been made by the Assignee.

It is understood and agreed that the Assignee shall not be required to make any payment with respect to any Items of Equipment excluded from the Conditional Sale Agreement pursuant to Section 2.3 thereof.

Section 6. Further Assignments. Subject to the terms and provisions of the Finance Agreement, the Assignee may assign all or any of its rights under the Conditional Sale Agreement, including the right to receive any payments due or to become due to it from the Vendee thereunder. In the event of any such assignment any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privilege and be subject to all the obligations of the Assignee hereunder.

Section 7. Representation of Manufacturer; Further Assurances. The Manufacturer hereby

(a) represents and warrants to the Assignee, its successors and assigns and the Investors, that the Conditional Sale Agreement was duly authorized and lawfully executed and delivered by it for a valid consideration, that (assuming

due authorization, execution and delivery by the other parties thereto) it is valid and existing agreement binding upon the Manufacturer and the other parties thereto, and that it is now in force without amendment thereto; and

(b) covenants and agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, security titles and interests hereby assigned and transferred to the Assignee or intended so to be.

Section 8. Governing Law. The terms of this Assignment and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all the rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or depositing of the Conditional Sale Agreement and this Assignment as shall be conferred by the laws of the several jurisdictions in which the Conditional Sale Agreement or this Assignment shall be filed, recorded or deposited.

Section 9. Execution in Counterparts. This Assignment may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart. The Assignee agrees to deliver one of such counterparts, or a certified copy thereof, to the Vendee and the Guarantors. Although this Assignment is dated for convenience as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the Manufacturer and the Assignee have caused these presents to be executed in their respective corporate names by officers or representatives duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the day, month and year first above written.

GENERAL MOTORS CORPORATION
(ELECTRO-MOTIVE DIVISION)

By

Harold L. Smith
Its Vice President

Attest:

W. H. Thomas
Assistant Secretary

THE FIRST PENNSYLVANIA BANKING AND
TRUST COMPANY,
as Assignee

By

D. P. Roman
Its Vice President
ASSISTANT

Attest:

A. W. Nelson
Assistant Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 7th day of July, 1974, personally appeared HAROLD L. SMITH, to me personally known, who being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Julia C. Clair
Notary Public

(SEAL)

My Commission Expires: JULY 11, 1976.

STATE OF PENNSYLVANIA)
) SS
COUNTY OF PHILADELPHIA)

On this 1st day of March, 1974, before me personally appeared D. P. O'Brien, to me personally known, who being by duly sworn, says that he is an Asst. Vice President of THE FIR PENNSYLVANIA BANKING AND TRUST COMPANY, that one of the seals affixe to the foregoing instrument is the corporate seal of said corporation that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged the execution of the foregoing instrument was the free act and deed said corporation.

Elizabeth J. Sabeira

(SEAL)

My Commission Expires: 3/1/76.